



SDRS Outlook

Membership Newsletter • July 2020

July 2020 COLA Remains 1.56 Percent

The South Dakota Retirement System (SDRS) is very important to all our members, especially our retired members who depend on the monthly income provided by SDRS benefits. We have been monitoring and evaluating the economic impact of COVID-19 on SDRS for several months and want to bring you up to date.

Most importantly, your benefits are secure. SDRS began fiscal year 2020 fully funded and prepared for the possibility of economic downturns.

The SDRS Cost of Living Adjustment (COLA) is intended to prevent a reduction in the purchasing power of your benefit because of inflation during retirement. The SDRS variable COLA is determined each year based on two important factors—the rate of inflation and the COLA increase SDRS can sustainably afford. For example, the June 30, 2019 actuarial valuation determined that SDRS can sustainably afford a 2020 COLA equal to the rate of inflation for the prior year of 1.56 percent. **No changes will be made in the July 2020 COLA due to the recent economic downturn.**

The affordability of future COLAs is largely influenced by SDRS investment returns. While investment markets have improved significantly from their lowest point in March, fiscal year 2020 investment returns finished below the long-term expectation. In addition, markets continue to be very volatile as we head into fiscal year 2021.

The COLA payable beginning July 2021 will be finalized in December after inflation and actuarial valuation results are known. However, based on results to date, both the affordable COLA and the rate of inflation will likely be lower than this year. **As a result, you should plan on a lower SDRS COLA in July 2021.**

The SDRS Board of Trustees will continue to evaluate actions that may be advisable if economic conditions deteriorate further. This review will include the current SDRS COLA structure. It should be noted that any changes to the COLA structure would need to go through the legislative process. SDRS will keep you informed as the Board's planning progresses.

SDRS Office Will Reopen to Visitors on August 3

While SDRS has continued to operate during the COVID-19 pandemic, we have kept the doors of our office closed to visitors for their safety and for the safety of our staff. As we work to get our office back to normal, we will be opening our doors once again to visitors beginning August 3, 2020, following various guidelines and safety measures.

Before visiting the office, please call to see if your needs can be handled over the telephone. If you must visit the office, please call first to arrange a scheduled time to speak with a retirement planner. Stay home if you are sick.

Our in-person individual counseling sessions across the state will resume in August. Extra precautions will be taken during and following each counseling session to protect our members and staff and to prevent the spread of COVID-19. We are currently unable to hold in-person group workshop events due to social distancing guidelines. We will utilize video conferencing to conduct our workshops for the foreseeable future. Please watch the SDRS website and Facebook page for the availability of these events.



South Dakota Retirement System

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SDRS Board News

New to the SDRS Board of Trustees are Douglas Wermedal and Annette Brant. Dr. Wermedal, Associate Vice President for Student Affairs at South Dakota State University, ran unopposed in the 2020 SDRS Board of Trustee election to represent Board of Regents employees. He replaces retiring Board member Louise Loban. His term on the Board began July 1, 2020.

Because no nominating petitions were received for the county employees representative position, the Board followed the Administrative Rules of South Dakota to fill the vacancy left by retiring Board member Kathy “KJ” Peterson. Interested county employee members submitted résumés for the position and, at its June meeting, the Board cast votes to select the new county employee representative. Annette Brant, Chief Deputy Treasurer for Pennington County, was selected through the Board voting process. Her term began July 1, 2020.

This year’s election also resulted in two incumbent members retaining their seats to continue their commitment to SDRS members. Returning to the Board for another four-year term are Eric Stroeder and Kathryn Greenway. Mr. Stroeder represents state employees and began serving on the SDRS Board in 2004. Ms. Greenway

has been the school boards representative since 2016.

Each membership group elects its representative(s) to the SDRS Board of Trustees. In 2021, retirees, state employees, and teachers will elect their respective representative to the Board.

Additional information regarding the SDRS Board of Trustees, including current board members, meetings, minutes, and election information, can be found on the SDRS website, sdrs.sd.gov.



Douglas Wermedal
Board of Regents Employee
Representative



Annette Brant
County Employee
Representative

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